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1954

JEWEL TEA CO., INC.

Annual Report



Directors and Officers

Directors

G. L. CLEMENTS	A. V. JANNOTTA	S. R. MILLER
J. M. FRIEDLANDER	F. J. LUNDING	J. M. O'CONNOR
W. A. GERBOSI	E. H. McDERMOTT	H. J. SZOLD
E. E. HARGRAVE		R. R. UPDEGRAFF

JOHN M. HANCOCK, *Honorary Chairman of Board of Directors*
H. S. BOWERS, *Director Emeritus*

Officers

F. J. LUNDING.....	<i>Chairman of Board of Directors</i>
G. L. CLEMENTS.....	<i>President</i>
J. M. FRIEDLANDER.....	<i>Chairman of Finance Committee</i>
C. W. CEDERBERG.....	<i>Vice Pres. Catalog and Gen. Merchandise</i>
E. E. HARGRAVE.....	<i>Vice Pres. Administration</i>
E. A. MILLER.....	<i>Vice Pres. Stores Merchandising</i>
M. S. MORSE.....	<i>Vice Pres. Stores Operating</i>
J. M. O'CONNOR.....	<i>Vice Pres. Imports</i>
F. L. SPREYER.....	<i>Vice Pres. Mfg., Warehousing and Transp.</i>
H. G. HOMUTH.....	<i>Treasurer</i>
R. D. STURTEVANT.....	<i>General Counsel and Secretary</i>
H. O. WAGNER.....	<i>Controller</i>
E. T. VORBECK.....	<i>Gen. Attorney and Asst. Secretary</i>
R. W. WILLIAMSON.....	<i>Corp. Attorney and Asst. Secretary</i>

1954 Results in Brief

	1954	1953
Retail sales	\$275,192,112	\$242,695,450
Earnings:		
Before all taxes	\$ 14,670,762	\$ 12,486,340
After all taxes	4,113,498	3,373,238
Reinvested in the business	1,555,690	902,386
Earned per share of common stock..	\$ 3.01	\$ 2.53*
Dividends per share of common stock	1.80	1.77½
Net working capital	\$ 22,651,459	\$ 26,865,207
Ratio of current assets to current liabilities	2.2 to 1	2.7 to 1
New property, plant and equipment (net)	\$ 8,073,150	\$ 4,180,553
Depreciation provision	2,566,797	2,025,555
Operating units:		
Number of Home Service Routes .	2,147	2,137
Number of Retail Food Stores	173	164
Square feet of floor space	1,338,793	1,163,982
Shareowners	7,106	6,989
Employees	7,622	7,492

*Calculated based on an average of 1,234,291 shares outstanding in 1953, including 141,757 shares sold in April, 1953.

Management's Report

February 7, 1955

To Jewel Shareowners and Employees:

This report covers the activities of your Company during the 52 weeks ended January 1, 1955, Jewel's 56th year. On the opposite page, we have summarized key operating and financial facts for the past two years. Longer-term trends are portrayed in the charts on pages 10 and 11 and in the Fifteen-Year Review on page 12. The audited financial statements begin on page 14.

Sales

Retail sales for the year 1954 rose 13.4% from the prior year to \$275,192,112, marking the 11th consecutive year of new sales records for the Company. The increase of \$32,496,662 in 1954 exceeded total retail sales of \$29,089,863 in 1940.

Both the Retail Food Stores and the Home Service Routes contributed to 1954's sales increase. Most of the gain represented greater tonnage, as prices averaged about the same as a year ago. An exception was coffee where larger dollar sales reflected higher retail prices occasioned by increased green coffee costs. Both dollar and tonnage sales increased for other major commodity groups, except that grocery specialties declined slightly on the Home Service Routes. Greater sales of catalog merchandise more than offset the decrease in grocery specialties, and accounted for most of the sales gain for the Home Service Routes.

Earnings and Dividends

Net earnings for 1954 totaled \$4,113,498, a gain of 21.9% from \$3,373,238 in 1953. After preferred dividend requirements, earnings for 1954 were \$3.01 per common share based on 1,282,051 shares outstanding at the end of the year. Earnings for 1953 were \$2.53 per common share, based on the average of 1,234,291 shares outstanding

during 1953, including the 141,757 shares sold in April, 1953. Earnings for 1954 have been computed in accordance with accepted accounting practices, consistent with those used in prior years, except as to methods of computing depreciation as noted in the financial statements.

Green coffee prices declined during the second half of 1954 as supply prospects improved and it became evident that high prices were curtailing coffee use in the United States. The decline in the value of our green coffee inventory since mid-year was absorbed by our LIFO (last-in, first-out) inventory reserve to which substantial additions were made in the first half of the year, as discussed in our mid-year report. For the year as a whole there was a net increase in the LIFO reserve which reduced earnings by 7¢ per share of common stock. At year end our LIFO reserve totaled \$1,994,198.

Provisions of the 1954 Internal Revenue Code make it possible to change our accounting practices with respect to certain expense reserves and achieve a tax saving in the year of change estimated under present conditions at approximately \$1,000,000. The change in our accounting methods in 1954 would have created uncertainties in the application of the Company's profit-sharing plans which the shareowners will be asked to resolve at the annual meeting of stockholders next March 29. Recommendations of our Board of Directors, under which such change can be made in 1955, will be presented in the Proxy Statement to be received by shareowners by the end of February.

Dividends were paid on the common stock at the quarterly rate of \$.40 per share in 1954. A special dividend of \$.20 was paid in December, bringing the total declared from 1954 earnings to \$1.80 per share. Total dividend payments received by shareowners during 1954 were \$2.00 per share, including the special of \$.20 per share paid from 1953 earnings in January of 1954. On February 7, 1955, the Board of Directors declared a regular quarterly dividend of \$.50 per share, payable March 21, 1955, to holders of common stock of record on March 7, 1955.

Principal Office and Warehouse Facilities

On November 4, 1954, shipment of dry groceries was started to stores from our new warehouse at 1955 West North Avenue, Melrose Park, Illinois. This modern building, with the latest handling facilities, consists of 509,000 square feet on one floor. It replaces a smaller dry grocery warehouse of 179,000 square feet, which has been sold, and 50,000 square feet of rented space occupied under a lease expiring April 30, 1955.

In addition to the new Food Stores dry grocery warehouse, we have the warehouse at 3617 South Ashland Avenue, Chicago, with 309,000 square feet of warehouse space. This facility houses the fixture shop, salad kitchen, frozen foods, dairy products, fresh fruits and vegetables, meat buying, and clerical office activities for the Food Stores.

Jewel Park in Barrington, Illinois, remains as the site of the principal warehouse and center of operations for the Home Service Routes. In the Jewel Park facilities, containing 400,000 square feet of floor space, coffee roasting and packaging operations are also conducted, along with manufacturing and processing of other products for distribution through the Home Service Routes, the Food Stores and others. Catalog orders are handled there and all clerical activities for the Home Service Routes.

Our new two-story executive office of 52,000 square feet at 1955 West North Avenue, Melrose Park, Illinois, was occupied on January 17, 1955. Most operating and administrative executives of the Company, who previously were located 45 miles apart, either at Barrington or 3617 South Ashland Avenue, Chicago are now headquartered in one building, convenient to the Company's plants and stores in the Chicago area.

Operating Units

The Jewel Food Stores growth program, announced in 1952, is designed to keep our store units up to date with adequate areas for

one-stop self-service shopping with modern facilities, including parking lots and air conditioning. It is also geared to the movement of population to the Chicago city fringe and to the suburbs, many of which have increased in size by from 50% to more than 100% since 1950.

During the 1954 year, 21 new stores were opened, 12 outmoded stores were closed and 4 stores were enlarged, bringing the total in operation to 173 at the year end. All new or enlarged stores were opened with self-service meat markets and air conditioning. In addition, 21 service meat markets were converted to a self-service basis and air conditioning was added to 18 of these stores not air conditioned previously. At the end of 1954 there were 110 stores with self-service markets and 116 stores were air conditioned. Store area increased 174,811 square feet during the year, raising the total to 1,338,793 square feet. At the end of the year, commitments had been made for 22 new stores to be opened in 1955.

In the Home Service Routes division, 31 new routes were added and 21 were closed in 1954, with 2,147 routes in operation at the end of the year in 42 states and the District of Columbia. The changes during 1954 reflect adjustments to the shifting of population as in the case of the Food Stores.

Financial

Net working capital amounted to \$22,651,459 at year end, a decrease of \$4,213,748 during the year. Funds were used for our new buildings at Melrose Park, for store equipment in support of the store growth program, and for motor vehicles—home delivery units on the Home Service Routes and large trucks for the Food Stores' transportation fleet. Additions to property, plant and equipment totaled \$8,073,150 after deducting the book value of sales and retirements.

Inventories totaled \$20,629,134 at year end, an increase of \$1,701,629 for the year. In terms of weeks' supply, inventories de-

clined to 5.4 weeks at the end of 1954 from 5.5 weeks at the end of 1953, as sales volume rose.

Accounts receivable increased to \$8,226,824 during the year from \$6,667,805 at the end of 1953. Most of the increase occurred in budget plan accounts on the Home Service Routes accompanying the expansion of catalog merchandise sales.

As noted in previous reports, we have stand-by arrangements with two large life insurance companies for additional long-term borrowing of \$5,000,000, with interest to be at 3 $\frac{3}{4}$ % per annum and required repayments spread over 23 years beginning in November, 1956. No borrowings have been made under these agreements as yet, although the full amount is to be taken down by November 16, 1955.

Personnel

At a meeting of the Board of Directors on December 6, 1954, Mr. John M. Hancock was appointed Honorary Chairman of the Board of Directors. Mr. Hancock has been associated with Jewel since 1919. Mr. Franklin J. Lunding, Chief Executive Officer of the Company, was elected Chairman of the Board and Mr. H. J. Szold, Partner of Lehman Brothers, was elected to succeed Mr. Hancock as a Director.

At the same meeting, Mr. Henry S. Bowers, who has been associated with Jewel since 1916, was appointed Director Emeritus and Mr. Stanley R. Miller, Partner of Goldman, Sachs & Co., was elected to succeed Mr. Bowers as a Director of the Company.

1955

Sales during January were at record levels. There appears to be substantial agreement among economic forecasters that the first half of 1955 will be a period of forward progress for the economy as a whole, with a new high possible in over-all activity and with prospects favorable for record spendable income in the hands of the families we serve.

In this climate, we expect to go forward with our Food Store growth program, substantially completing the present phase by the end of the year. The number of stores will be approximately 190 by that time, instead of the 200 originally contemplated when the program was announced in 1952. We find that older stores have become outmoded more rapidly than seemed likely in 1952, while new stores have been fewer in number but larger in size than called for in the original program. As a result, we are fully up to the original growth schedule in terms of square feet of floor space.

In the Home Service Routes we will concentrate on raising further the efficiency of this profitable business. We will close a few routes but we do not expect to reduce the number of customers served. We are planning a pilot operation in one section of the country, involving the consolidation of six of our present branches into one Area Distribution Center servicing 187 routes, with the objective of developing a lower cost distribution system.

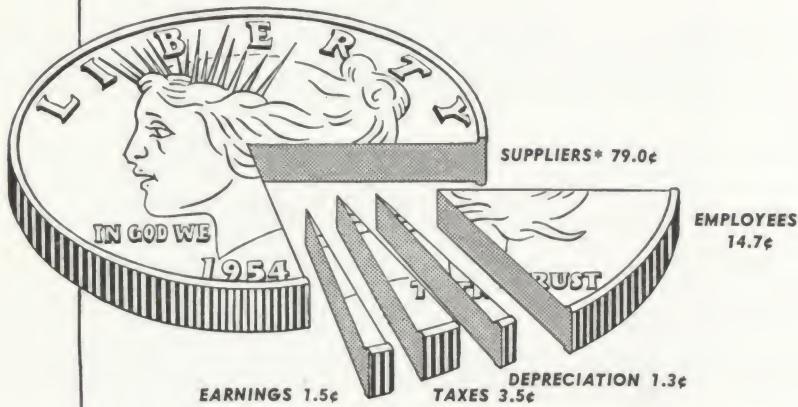
The success of our plans for 1955 will depend on the interest and resourcefulness of Jewel people in providing ever more satisfying shopping experiences and ever greater values for our customers. We are confident that they will continue to supply these basic ingredients of every progressive merchandising business.

R. L. Clements
President

For the Board of Directors:

J. L. Leuding
Chairman

How Our 1954 Sales Dollar Was Divided



Comparisons with 1953

and the 1948-1952 average

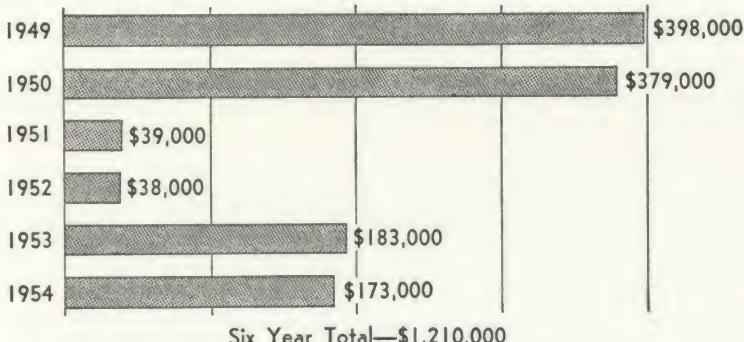
	1954	1953	1948-1952 Average
TOTAL SALES AND REVENUES (Millions of Dollars)	\$ 277	\$ 244	\$ 190
DISTRIBUTION (Per \$1 of Sales)			
Suppliers*, etc.	79.0¢	79.0¢	78.0¢
Employees, including social security taxes.....	14.7	14.9	15.0
Federal, state and local taxes.....	3.5	3.5	2.7
Depreciation, maintenance and repairs.....	1.3	1.2	2.2
Earnings	1.5	1.4	2.1
	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

*Includes products, materials, services, rents, interest and doubtful accounts.

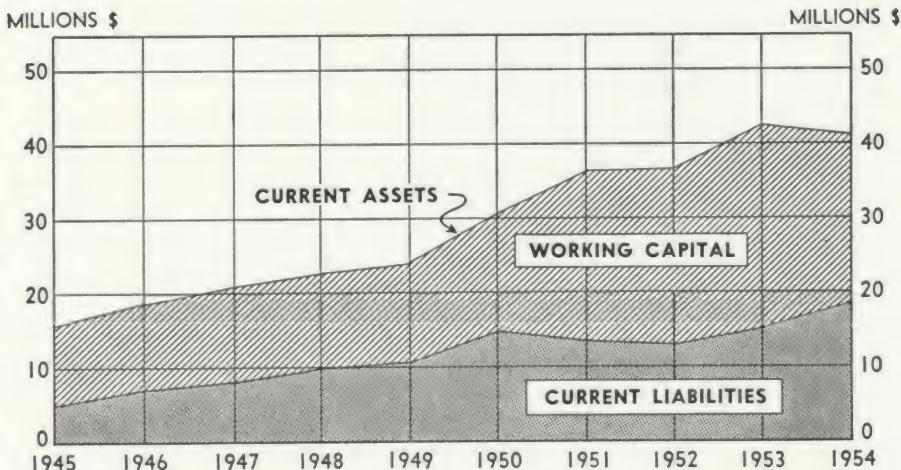
Jewel Tea Co., Inc.

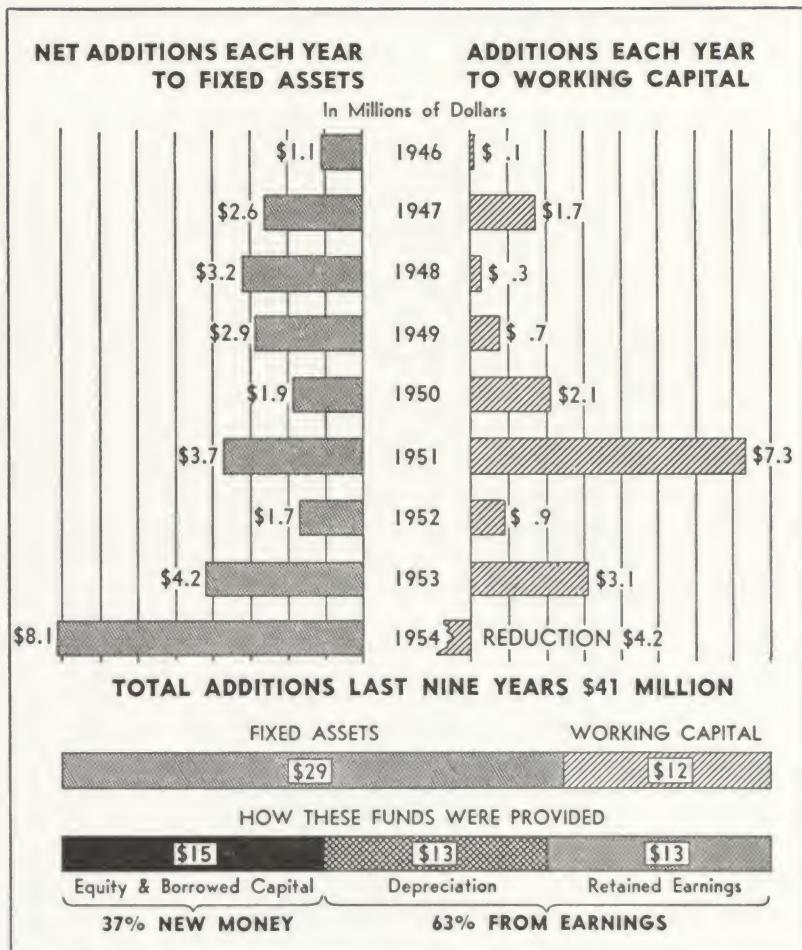
THE EFFECT OF LIFO* ON CASH POSITION

Due to Reduction in Profit Sharing Provisions and Federal Income Taxes



* Used in valuing green coffee inventories





Jewel Tea Co., Inc.

Fifteen Year Review

Operating Results

Year	Retail Sales	Payments to or for Employees	Taxes Paid (Except Social Security)	Per Common Share*	
				Net Earnings	Dividends
1940	\$ 29,089,863	\$ 6,179,988	\$1,232,662	\$1.41	\$1.20
1941	41,541,405	7,585,286	2,174,337	1.30	1.20
1942	53,077,779	8,773,444	2,238,733	1.02	.90
1943	52,212,105	9,371,233	1,416,182	.85	.57½
1944	56,899,845	10,544,661	2,508,641	1.06	.70
1945	63,364,000	11,846,044	3,381,001	1.16	.75
1946	88,237,518	15,455,305	3,644,382	2.36	1.37½
1947	130,477,490	20,301,740	4,612,106	2.79	1.50
1948	152,990,515	23,590,914	5,861,967	3.33	1.57½
1949	168,787,620	25,696,802	6,056,203	3.47	1.70
1950	188,688,928	28,099,258	7,864,143	3.58	1.60
1951	209,244,029	30,608,096	8,142,072	2.94	1.75
1952	226,291,961	33,451,893	7,928,396	2.56	1.75
1953	242,695,450	36,292,795	8,543,731	2.53	1.77½
1954	275,192,112	40,807,992	9,792,083	3.01	1.80

*Adjusted for 2-for-1 stock split on April 1, 1953.

Financial Growth

At Year End	Working Capital	Property, Plant and Equipment	Accumulated Earnings (Unappropriated)	Total Assets
1940	\$ 4,349,799	\$ 2,875,499	\$ 2,984,451	\$10,697,025
1941	8,482,145	4,098,007	2,394,903	16,478,214
1942	8,703,936	4,133,221	2,494,387	16,504,033
1943	9,310,997	3,606,478	2,810,398	16,668,472
1944	9,950,699	3,235,274	3,226,590	18,119,350
1945	10,477,657	3,170,386	3,701,801	19,882,034
1946	10,584,128	3,965,473	4,815,732	22,975,700
1947	12,316,903	6,009,800	5,883,706	28,252,954
1948	12,617,578	8,103,790	7,857,184	32,321,364
1949	13,327,459	9,456,800	9,789,539	34,910,525
1950	15,459,246	9,727,494	12,024,839	41,455,896
1951	22,808,160	11,523,249	13,367,208	49,313,240
1952	23,757,369	11,162,729	14,283,474	49,472,267
1953	26,865,207	13,317,727	15,185,860	57,634,234
1954	22,651,459	18,824,080	16,741,550	61,725,294

Accountants' Report

TOUCHE, NIVEN, BAILEY & SMART
Certified Public Accountants

Chicago, Illinois
February 7, 1955

To THE BOARD OF DIRECTORS,
JEWEL TEA CO., INC.:

We have examined the balance sheet of Jewel Tea Co., Inc., as of January 1, 1955, and the related statements of income, accumulated earnings and source and use of funds for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income, accumulated earnings and source and use of funds present fairly the financial position of Jewel Tea Co., Inc., at January 1, 1955, and the results of its operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in the basis of providing depreciation on additions to buildings during 1954, as explained in notes to the financial statements, a change which we approve.

Touche, Niven, Bailey & Smart
Certified Public Accountants.

Jewel Tea Co., Inc.**Income Account**

	52 Weeks Ended Jan. 1, 1955	52 Weeks Ended Jan. 2, 1954
Sales and Revenues:		
Retail sales	\$275,192,112	\$242,695,450
Other sales and revenues.....	1,556,184	978,188
Total sales and revenues.....	<u>276,748,296</u>	<u>243,673,638</u>
Cost of Doing Business:		
Paid to or for the benefit of employees:		
Payrolls	38,827,229	34,687,819
Social security taxes.....	765,181	569,371
Contribution to Jewel Retirement Estates...	1,215,582	1,035,605
Total	<u>40,807,992</u>	<u>36,292,795</u>
Products, materials, services, rents and interest	217,685,190	191,904,909
Depreciation	2,566,797	2,025,555
Maintenance and repairs.....	1,032,372	850,072
Doubtful accounts charged to operations.....	750,364	683,338
Federal income taxes.....	3,905,000	3,352,000
State, local and all other federal taxes.....	5,887,083	5,191,731
Total cost of doing business.....	<u>272,634,798</u>	<u>240,300,400</u>
Net Earnings for the Year.....	4,113,498	3,373,238
Dividends on preferred stock.....	252,982	255,516
Earnings applicable to common stock.....	\$ 3,860,516	\$ 3,117,722
Earnings per share of common stock.....	<u>\$ 3.01</u>	<u>\$ 2.53</u>

The notes on pages 17 to 19 give additional

Balance Sheet

Assets

Current Assets:

	<u>Jan. 1, 1955</u>	<u>Jan. 2, 1954</u>
Cash	\$ 6,768,718	\$ 5,787,736
Marketable securities	3,671,233	9,695,055
Accounts receivable	8,226,824	6,667,805
Inventories	20,629,134	18,927,505
Equity in retail store properties held for sale..	758,132	720,528
Prepaid expenses and supplies.....	912,833	713,463
Total current assets.....	40,966,874	42,512,092
Deferred Charge—Premiums Advanced to Customers	1,934,339	1,804,414
Property, Plant and Equipment.....	18,824,080	13,317,727
Goodwill	1	1
	<u>\$61,725,294</u>	<u>\$ 57,634,234</u>

Liabilities

Current Liabilities:

Accounts payable and accrued expenses....	\$10,450,604	\$ 8,399,956
Dividends payable	63,234	319,107
Accrued federal, state and local taxes.....	5,115,828	4,513,332
Accrued payrolls and profit sharing.....	2,685,749	2,414,490
Total current liabilities.....	<u>18,315,415</u>	<u>15,646,885</u>
Long Term Indebtedness.....	<u>7,760,000</u>	<u>8,000,000</u>

Shareowners' Investment:

Preferred stock	6,900,000	6,900,000
Common stock	11,156,407	11,029,270
Accumulated earnings—reserved for:		
Obsolescence and inventory valuation.....	750,000	750,000
Automobile accident and other self-insured losses	250,000	250,000
Accumulated earnings—unappropriated	16,741,550	15,185,860
Preferred stock in treasury.....	(148,078)	(127,781)
Total shareowners' investment.....	<u>35,649,879</u>	<u>33,987,349</u>
	<u>\$61,725,294</u>	<u>\$ 57,634,234</u>

information about the financial statements.

Jewel Tea Co., Inc.

Accumulated Earnings
(Unappropriated)

REINVESTED IN THE BUSINESS

Balance, January 2, 1954.....	\$ 15,185,860
Net earnings for the year, from Income Account....	4,113,498
	<u>19,299,358</u>
Deduct:	
Dividends to owners of the business:	
Preferred shareowners—\$3.75 per share	\$ 252,982
Common shareowners—\$1.80 per share.....	<u>2,304,826</u>
Balance, January 1, 1955.....	<u>\$16,741,550</u>

Source and Use of Funds

Year Ended January 1, 1955

Source of Funds:

Net earnings for the year.....	\$ 4,113,498
Provision for depreciation.....	2,566,797
Net decrease in cash and marketable securities	5,042,840
Increase in current liabilities.....	2,668,530
Sale of common stock	<u>127,137</u>
	<u>\$14,518,802</u>

Use of Funds:

Additions to property, plant and equipment (less book value of sales and retirements)	\$ 8,073,150
Net increase in all other assets.....	3,627,547
Dividends to owners of the business.....	<u>2,557,808</u>
Preferred stock purchases for sinking fund.....	20,297
Reduction in long term indebtedness	<u>240,000</u>
	<u>\$14,518,802</u>

The notes on pages 17 to 19 give additional information about the financial statements.

Information About the Financial Statements

MARKETABLE SECURITIES

Marketable securities have been valued at the lower of cost or market.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Items on the balance sheet have been reduced by an allowance for doubtful accounts as follows:

	<u>Jan. 1, 1955</u>	<u>Jan. 2, 1954</u>
Accounts receivable	\$ 315,720	\$ 309,047
Premiums advanced to customers	75,383	84,071

INVENTORIES

Inventories at January 1, 1955 were valued at the lower of cost or market. Cost, except for green (unroasted) coffee, was determined on the general principle of "first-in, first-out." Green coffee inventory cost was determined in accordance with the "last-in, first-out" (LIFO) method.

Inventories at year end consisted of the following:

	<u>Jan. 1, 1955</u>	<u>Jan. 2, 1954</u>
Green coffee and other raw materials	\$ 2,233,978	\$ 2,819,602
Finished merchandise	18,395,156	16,107,903
	\$20,629,134	\$18,927,505

EQUITY IN RETAIL STORE PROPERTIES HELD FOR SALE

The Company has retail food stores in various stages of completion, titles to which are held in land trusts. The costs financed out of corporate funds amounted to \$758,132 at January 1, 1955. The balance of the costs was financed through real estate mortgages aggregating \$575,094, each of which is a lien or liability only against the specific piece of property involved.

PROPERTY, PLANT AND EQUIPMENT

It is Company policy to acquire the use of retail store and branch office-warehouse properties under lease agreements wherever possible. These leases, presently 261 in number (generally for five-year terms but for no longer than ten years), do not include provisions for purchase of the subject properties nor the assumption of ownership obligations, and the annual minimum commitments for leases expiring beyond five years total approximately \$700,000.

Information About the Financial Statements

A schedule of property, plant and equipment, together with related allowances for depreciation, is shown in the table below:

	<u>Jan. 1, 1955</u>	<u>Jan. 2, 1954</u>
Cost:		
Land	\$ 940,642	\$ 1,081,133
Buildings	8,524,312	4,958,020
Motor vehicles	7,471,665	6,964,368
Store equipment, office equipment and machinery....	13,034,228	10,430,794
Total cost of property, plant and equipment	<u>29,970,847</u>	<u>23,434,315</u>
 Allowance for depreciation:		
Buildings	1,973,475	2,049,188
Motor vehicles	3,893,217	3,521,713
Store equipment, office equipment and machinery....	5,280,075	4,545,687
Total allowance for depreciation	<u>11,146,767</u>	<u>10,116,588</u>
Book value of property, plant and equipment.....	<u><u>\$18,824,080</u></u>	<u><u>\$13,317,727</u></u>

The Company has elected to provide accelerated depreciation, in accordance with the Internal Revenue Code of 1954, on buildings constructed during 1954, while continuing the straight-line method on other plants and equipment. This change does not have a material effect on the depreciation provision for the year.

LONG TERM INDEBTEDNESS

The Company is indebted to two insurance companies for \$5,000,000 on its 2.85% unsecured notes, payable in equal annual installments beginning February 1, 1962, with a final maturity on February 1, 1971.

The Company is also indebted to a group of its principal banks for \$2,760,000. This loan is unsecured and was on a revolving credit basis at a 2.25% interest rate until January 5, 1954, at which time it was converted into a term loan. Interest rate on the term loan ranges between 2.25% and 2.75%, and repayment terms call for 8% of the principal amount in each of the years 1955 through 1960, with a final payment of 52% in 1961. The first annual repayment was made December 28, 1954.

On November 16, 1953, arrangements were made with two insurance companies for additional loans in the amount of \$5,000,000 at a 3.75% interest rate. No borrowings have been made under these agreements as yet, although the full amount

Information About the Financial Statements

is to be taken down by November 16, 1955. Repayment is to be in equal annual installments beginning November 1, 1956, except that no installment will be due on November 1, 1960, with a final maturity on November 1, 1978.

Interest on long term indebtedness totaled \$236,199 in 1954.

PREFERRED STOCK - STOCK IN TREASURY

Preferred stock is 3½% cumulative \$100 par value, and 69,000 shares were authorized and issued at January 1, 1955.

Under the Indenture provisions relating to the preferred stock, the Company must acquire annually on or before each June 30th at least 1,500 shares in connection with sinking fund requirements of the issue. On January 1, 1955 there were 1,550 shares of preferred stock in the treasury valued at acquisition cost of \$148,078.

COMMON STOCK

Common stock of \$1 par value per share consists of 1,800,000 authorized shares. At January 1, 1955 there were 1,282,051 shares issued and outstanding of which 3,624 shares were issued to employees during 1954 under terms of the Company's employee stock purchase plan. The proceeds of \$127,137 have been credited to the Common Stock Account.

ACCUMULATED EARNINGS (*Unappropriated*)

Under the terms of our Note Agreements with insurance companies and the preferred stock provisions of the certificate of incorporation (the terms of the Note Agreements governing) \$9,252,096 is available as of January 1, 1955 for cash dividends on common stock.

Jewel Tea Co., Inc.

A New York Corporation

PRINCIPAL OFFICES

*Chairman, Board of
Directors and Chairman,
Finance Committee* 135 South LaSalle Street,
Chicago 3, Illinois

President and Executive 1955 West North Avenue,
Melrose Park, Illinois

Jewel Food Stores 3617 South Ashland Avenue,
Chicago 9, Illinois

Home Service Routes Jewel Park, Barrington, Illinois

Importing 99 Wall Street, New York City

STOCK LISTING

\$1 Par Common Stock and 3 3/4% Cumulative Preferred
Stock listed on the New York Stock Exchange

TRANSFER AGENT

Manufacturers Trust Company, 55 Broad Street,
New York 15, N. Y.

REGISTRAR

Bankers Trust Company, 46 Wall Street,
New York 15, N. Y.

ANNUAL MEETING

The Annual Meeting of stockholders will
be held at 12:00 noon on Tuesday, March 29,
1955, at the Biltmore Hotel in New York City.

This report is submitted to the shareowners of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information required to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.



